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Chairman: Mr. MacKay ..... (New Zealand)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kuznetsov

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The meeting was called to order at 10.10 a.m.

Agenda item 108: Programme budget for the biennium 2004-2005 (*continued*)

Construction of additional conference facilities at the Vienna International Centre (A/C.5/59/23)

1. **Mr. Belov** (Programme Planning and Budget Division), introducing the note by the Secretary-General on construction of additional conference facilities at the Vienna International Centre (VIC) (A/C.5/59/23), said that the Austrian Government had generously offered to build a new conference facility to house the secretariats of the VIC-based organizations (VBDs), namely the International Atomic Energy Agency (IAEA), the United Nations Industrial Development Organization (UNIDO) and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), while the Centre underwent an asbestos removal project. Upon completion of the project, the new building would be handed over to the organizations to provide needed additional conference room space.

2. Part I of the note provided background information on the construction project, while part II covered the cost implications. The total cost of the project would not exceed €52.5 million, of which the host country would pay up to €50 million and the Vienna-based organizations €2.5 million. The contribution of the United Nations would not exceed €100,000 and would have no programme budget implications until the biennium 2008-2009.

3. The governing bodies of IAEA, UNIDO and CTBTO and the Government of Austria had signed a memorandum of understanding on the new conference facility, which was subject to approval by the General Assembly. In part III of the note, which contained conclusions and recommendations, the General Assembly was requested to approve the participation of the United Nations and other VBDs in the arrangements for the facility.

4. **Mr. Kuznetsov** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had met with representatives of the Secretary-General at Headquarters and via videoconference at the United Nations Office at Vienna. They had provided information on plans for the proposed new conference building at VIC and on the memorandum of understanding between the Republic of Austria and the United Nations and other VBDs.

5. Since the early 1990s, the conference facilities at the Centre had become increasingly inadequate for the needs of the organizations headquartered at the Centre. The four organizations had requested the host country authorities in 2002 to make additional conference facilities available to them and had discussed conference-servicing requirements during the asbestos removal project at the Centre. Negotiations between the Austrian Government and the participating organizations had resulted in the signing of a memorandum of understanding in October 2004. The participating organizations had welcomed the offer of the Government of Austria to construct facilities to serve as temporary space for meetings that could not be held at the Centre during the asbestos removal. The prolonged negotiations had resulted in the late submission of the memorandum of understanding.

6. The terms of the arrangement included the provision of a fully functional space for meetings and conferences during the asbestos removal phase. In addition, the Austrian Government would bear the entire cost of the planning and construction of the additional facility, and the Parliament had approved up to €50 million for that purpose. The construction cost was estimated at €25 million, and €10 million had been set aside for cost overruns. The four organizations were confident that those amounts would be sufficient to cover any contingency. They would make a fixed and final lump-sum contribution of €2.5 million, which would be used to cover part of the cost of equipment and moveable furniture for the Centre, with the Austrian Government financing the remaining non-construction costs. The share of the contribution of each participating organization would be based on past usage and projections for conference requirements. Given the limited use of the new facility by the United Nations, a preliminary estimate of €100,000, or 4 per cent of the lump-sum contribution, had been made. The building would be the property of the host country and the moveable furniture and equipment would be the property of the participating organizations. Under paragraph 7 of the memorandum of understanding, the memorandum would become effective after its formal approval by the governing bodies of the participating organizations.

7. Arrangements for the operational and maintenance costs of the building after completion of the asbestos removal project were outlined in paragraph 9 of the note by the Secretary-General. In conclusion, the Advisory Committee recommended that the General Assembly should approve the requests made in paragraph 10 of the note.

Revised estimates and programme budget implications: effects of changes in rates of exchange and inflation (A/C.5/59/24)

8. **Mr. Sach** (Director of the Programme Planning and Budget Division), introducing the report of the Secretary-General on revised estimates and programme budget implications: effects of changes in rates of exchange and inflation (A/C.5/59/24), said that the report provided estimates of outstanding programme budget implications and revised estimates using the costing parameters of the first performance report. As indicated in paragraph 7 of the first performance report for the biennium 2004-2005 (A/59/578), those amounts would be revised to reflect the costing parameters that had been approved by the Assembly in the context of its consideration of the first performance report and, subject to the decisions of the Assembly, would affect the level of the revised appropriation. Annex I contained a summary of revised estimates and programme budget implications, which indicated that out of some $99.8 million, an adjustment of slightly more than $2.9 million would be needed to ensure that the budget was costed on a consistent basis across all exchange rates and price levels. The International Research and Training Institute for the Advancement of Women (INSTRAW) and the special political missions had not been subjected to recosting, because the proposals had already been customized to the applicable rates in formulating the initial documentation for the report. In conclusion, the report was a technical paper to ensure that the budget was presented in a revised format and on a consistent basis. The request for the adjustment of $2.9 million was subject to the approval of the underlying revised estimates and programme budget implications. To the extent that they might be modified by the Committee, the relative adjustments would also need some minor changes to reflect any changes in programme budget implications or revised estimates in respect of which decisions had not yet been made.

9. **Mr. Kuznetsov** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee recommended the approval of the revised estimates contained in the report of the Secretary-General. The report detailed the impact of the application of the net costing parameters set out in the first performance report to revised estimates and statements of programme budget implications currently under consideration by the General Assembly. The Secretary-General had indicated that the application of updated parameters to those estimates would result in an overall increase of $2,951,600.

10. As indicated in paragraph 3 of the report, revised estimates for special political missions and the grant related to the future operation of INSTRAW had not been subject to recosting. Special political mission requirements covered specific provisions for the periods budgeted with respect to each mission and were updated on the basis of information available at the time that the estimates were prepared. Consequently, no revision was currently required. The INSTRAW grant had been calculated on the basis of specific costing information tailored to reflect the experience of the Institute. The estimates, including staff salaries, were calculated on the basis of full incumbency of the existing posts and related operating expenses for the period concerned. Therefore, the more general costing parameters used throughout the budget, including vacancy rate factors, were not relevant to INSTRAW.

11. The Advisory Committee noted that the parameters of the first performance report would be taken into account in any statements of programme budget implications issued subsequent to the submission of the report of the Secretary-General and prior to the conclusion of the work of the Fifth Committee at the main part of the Assembly's fifty-ninth session. Expected statements of programme budget implications for the high-level plenary meeting at the sixtieth session of the General Assembly and requirements relating to appropriation of the budgetary provisions for the Joint Inspection Unit would be prepared utilizing revised 2004-2005 rates.

Agenda item 111: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency (*continued*)

Draft decision A/C.5/59/L.19

12. *Draft decision A/C.5/59/L.19 was adopted.*

Agenda item 117: United Nations pension system (*continued*)

Draft resolution A/C.5/59/L.14

13. **The Chairman** said that in the English text of draft resolution A/C.5/59/L.14, the heading for section I should be revised to read "Actuarial matters".

14. *Draft resolution A/C.5/59/L.14, as orally revised, was adopted.*

15. **Ms. Nieto** (Ecuador) said that her delegation was pleased to join the consensus on draft resolution A/C.5/59/L.14 on the understanding that the information on the special situation of pensioners living in countries that had undergone dollarization and on possible proposals to attenuate the adverse consequences arising therefrom, which had been requested from the United Nations Joint Staff Pension Board in paragraph 6 of section II of the draft decision would improve the situation of such pensioners. The situation of Ecuadorian nationals who had worked for the United Nations was different from that of United Nations pensioners from other countries, who had been dealt with more equitably. Pensioners were losing the purchasing power of their pensions in dollars and they had not benefited from the solutions put forward by the Fund. A solution to the problem was urgently needed. Lastly, her delegation would work constructively with the Fund to mitigate the adverse impact of dollarization on pensioners in accordance with section II, paragraph 6, of the draft resolution.

The meeting rose at 10.35 a.m.